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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

January 1937

THE SHEEP AND LAMB SITUATION

(The first issue)

The Sheep and Lamb Situation is one of a new series of monthly commodity reports recently inaugurated by the Bureau of Agricultural Economics. This monthly mimeographed report will provide current information on changes in the factors which affect the demand for and the supply and prices of sheep and lambs.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

SLS-1

January 1937

THE SHEEP AND LAMB SITUATION

This is the first issue of The Sheep and Lamb Situation, one of a new series of commodity reports to be released by the Bureau of Agricultural Economics. The Sheep and Lamb Situation, to be issued monthly, will provide current information on changes in the factors which affect the outlook for production and prices of sheep and lambs. The present form of this report is experimental. Comments, criticisms and suggestions are welcome.

Summary

Slaughter supplies of sheep and lambs probably will be reduced seasonally during the remainder of the 1936-37 fed-lamb marketing season, through April 1937. Although the number of lambs on feed for market on January 1 was only 4 percent smaller than a year earlier, the number on feed in areas which usually market lambs late in the season was considerably smaller.

Consumer demand for dressed lamb in 1937 probably will be stronger than in 1936. Because of the importance of the pelt as a by-product of sheep and lamb slaughter, prices of wool also affect prices of live lambs. Wool prices rose sharply in the last half of 1936, and it seems probable that they will be well maintained in the first half of the present year.

Lamb prices rose sharply in late December and early January, with the top price at Chicago reaching \$11, the highest since last summer. Slaughter supplies of sheep and lambs were large in December, but there was some tendency for market receipts to decrease throughout the month and in early January. In view of the probable further improvement in the demand for dressed lamb, the high level of wool prices and prospective seasonal reduction in slaughter supplies, lamb prices are expected to advance further during the remainder of the current fed-lamb marketing season. Much of this advance is likely to occur in March and perhaps April.

Recent Developments

Lamb top reaches \$11 .- Prices of slaughter lambs advanced sharply in late December and early January after having been about steady during the first 3 weeks of December. The top price of lambs at Chicago reached \$11 during the week ended January 16, whereas in early December it was only about \$9.

Prices of slaughter yearlings and ewes and prices of feeder lambs also advanced during late December and early January. The average price of Good and Choice slaughter lambs at Chicago for December was \$8.87 compared with \$8.90 in November and \$10.92 in December 1935. For the week ended January 9, however, the average price of Good and Choice slaughter lambs at Chicago was \$10.18 compared with \$9.61 a month earlier and \$10.55 a year earlier.

Near record December slaughter.- Inspected slaughter of sheep and lambs in December, totaling 1,573,000 head, was slightly larger than in November and was the second largest on record for the month. The number of native lambs marketed has dwindled rapidly in recent weeks, and fed-western lambs comprised the bulk of the supply in December and early January. The average weights of lambs marketed also has declined in the last month, but in the last 2 or 3 months the number of lambs weighing 95 pounds or more in the market supplies has been relatively large.

Although slaughter supplies for the entire month of December were slightly larger than in November, weekly receipts at the leading markets indicated that supplies declined almost steadily during December. The advance in prices in the last week of December and in early January probably reflects this reduction in supplies as well as the advance in wool prices and pelt values.

Lamb prices decline August to November.- Prices of slaughter lambs declined almost steadily from August through October, with not much change in November. Normally, however, lamb prices do not change greatly during this period. The decline from August to October 1936 apparently was brought about by the larger than usual seasonal increase in slaughter supplies of lambs, although large marketings of poultry in this period may have been an additional price-depressing factor.

Late increase in lamb marketings.- The 1936 lamb crop was estimated to be about 9 percent larger than that of 1935, but lamb marketings did not begin to show an increase over a year earlier until September 1936. Inspected slaughter of sheep and lambs in the first 8 months of the current lamb crop marketing year was about 5 percent or 584,000 head smaller than in the corresponding period of 1935. (The marketing year for lambs is usually considered to begin May 1.) For the period September to December 1936, however, inspected slaughter of sheep and lambs was about 6 percent, or 363,000 head, larger than that of a year earlier.

In comparing changes in slaughter supplies of sheep and lambs in 1935 and 1936 it should be noted that the proportion of sheep included in the slaughter supply in 1935 was somewhat larger than in 1936. Consequently, the smaller slaughter supplies in the first 8 months of the present marketing year have been due only in part to the smaller marketings of lambs.

Lambs on Feed: 4 Percent Smaller than Last Year

The number of sheep and lambs on feed for market in the principal feeding States on January 1 was estimated to be about 4 percent smaller than the number on feed on the corresponding date in 1936. The number on feed in the Western States on January 1 this year was larger than a year earlier, but the increase in this area was more than offset by the reduction in the Corn Belt. Table 1 shows the numbers on feed by States on January 1, 1935, 1936 and 1937.

The decrease in lamb feeding in the Corn Belt, as compared with a year ago, occurred largely in the western part of the Corn Belt, where the number on feed on January 1 this year was the smallest since 1928. In this area the number of lambs on feed at the beginning of the year was 15 percent, or 560,000 head, smaller than the number on feed a year earlier. In the Eastern Corn Belt the number on feed on January 1 was only about 5 percent, or 60,000 head smaller, than a year earlier, and was above average. The largest decreases in the Corn Belt were in Nebraska, South Dakota and Iowa. In the Scottsbluff area of Nebraska and Wyoming, the number on feed on January 1 was 315,000 head compared with 445,000 head a year earlier.

The estimated number of lambs on feed on January 1, 1937 in the Western States (including North Dakota, Texas and Oklahoma), totaling 2,744,000 head, was 360,000 head, or 15 percent larger than on that date in 1936. The number was larger this year than last in all of these 14 States except Colorado, North Dakota and Arizona. The number on feed in Colorado this year, amounting to 1,030,000 head, was about 220,000 head smaller than a year earlier, with almost all of the reduction in northern Colorado. The largest increases in the Western States were in Utah and California, but material increases were reported for several other States.

Table 1.- Estimated numbers of sheep and lambs on feed, by States,
January 1, 1935, 1936 and 1937

State	Jan. 1, 1935	Jan. 1, 1936	Jan. 1, 1937	Jan. 1, 1937 as a percentage of Jan. 1, 1935
	1,000 head	1,000 head	1,000 head	Percent
Ohio	280	285	276	96.8
Ind.	170	225	205	91.1
Ill.	260	250	212	84.8
Ill. feeding stations	41	17	13	76.5
Mich.	150	240	260	108.3
Wisc.	81	90	81	90.0
Eastern Corn Belt	982	1,107	1,047	94.6
Minn.	350	260	355	136.5
Iowa	750	460	360	78.3
Mo.	110	140	115	82.1
S. Dak.	130	225	115	51.1
Nebr.	530	780	490	62.8
Kans.	460	220	150	68.2
Western Corn Belt	2,330	2,085	1,585	76.0
Total Corn Belt	3,312	3,192	2,632	82.5
N. Dak.	30	105	80	76.2
Okla.	175	45	50	111.1
Tex.	60	125	170	136.0
Mont.	155	135	137	138.5
Idaho	200	170	253	148.8
Wyo.	155	180	225	125.0
Colo.	1,085	1,250	1,030	82.4
N. Mex.	38	39	66	169.2
Ariz.	22	15	15	100.0
Utah	83	120	295	245.8
Nev.	11	13	20	153.8
Wash.	54	32	51	153.4
Oreg.	75	45	90	200.0
Calif.	106	115	212	184.3
Total Western States ...	2,242	2,389	2,744	114.9
Total United States ...	5,561	5,581	5,376	96.3

Outlook: Smaller Lamb Marketings in March and April

Although slaughter supplies of lambs in the fed lamb marketing season, December 1936 to April 1937, probably will be about as large as those of a year earlier, a considerable reduction in supplies from present levels is expected in March and April. The increases in lamb feeding in the Western States are largely in areas from which most fed lambs are marketed in January and February. In the important late marketing areas, namely, northern Colorado, the Arkansas Valley, (Colorado) and Scottsbluff (Nebraska and Wyoming), the number of lambs on feed on January 1 this year was about 23 percent smaller than a year earlier.

Therefore, relatively large marketings of fed lambs are expected in January and February, with smaller marketings in March and April.

Feed and weather conditions have been relatively unfavorable for the development of the early lamb crop in California, and the eastern market movement of lambs from that State may be later than that of last year. On the other hand, feed supplies in the principal sheep area of Texas are, and have been, plentiful. There also has been a large carry-over of 1936 lambs in this region. If feeding conditions continue favorable, a heavy movement of grass-fat yearlings is to be expected from this State in April and May.

Demand conditions for lambs have improved steadily since 1933. Consumer expenditures for federally inspected lamb and mutton, based on retail prices at New York and the consumption of lamb and mutton from federally inspected slaughter, were slightly larger in 1936 than in 1935 and more than 30 percent larger than in 1933. A further improvement in consumer demand for lamb appears probable in 1937.

Since the pelt is the most important by-product of the slaughter of live lambs, the demand for lambs also is affected by wool prices and pelt values. Wool prices rose sharply in the last half of 1936 and continued to advance in early 1937. It seems probable that the level of wool prices and pelt values in the first half of 1937 will be considerably higher than a year earlier.

In view of the improved demand conditions for dressed lambs, the higher prices for wool and the probable seasonal reduction in lamb marketings, it is expected that a further advance in price of lambs will occur during the remainder of the current fed-lamb marketing season through April 1937. Most of this advance is likely to occur in March and perhaps April, when supplies of lambs are expected to be relatively small.

Summary of Wool Situation 1/

In view of the strong demand for wool in most consuming countries and the relatively small world supplies, it is expected that wool prices will be well maintained in the next few months. The current strong demand for wool in consuming countries is due partly to the improved economic conditions in most countries and partly to the increased use of wool for military purposes under rearmament programs in some foreign countries.

The upward trend in wool prices continued in the Boston market during November and December. At the end of December, prices of graded combing territory wool at Boston were generally 22 to 29 percent higher than when the current advance in prices began and prices were at the highest levels since the early part of 1929.

Domestic wool prices at the present time are largely influenced by the small supplies available in this country and by the strength in wool prices in foreign markets. The shortage of supplies in the domestic market has resulted in active contracting for wool in the Western States to be shorn in May and June.

Consumption of wool by United States mills increased sharply in November after declining in September and October. The rate of consumption in November was greater than in any previous month of 1936 except February but was lower than in November 1935. Consumption figures for the entire year 1936, when available, will show a decline as compared with 1935 but are expected to be larger than for any year since 1923.

As a result of the strong demand from importing countries, disposals of wool at Southern Hemisphere selling centers in the 1936-37 season up to December 1, 1936, were larger than in the same months of the previous season. While stocks at selling centers on December 1, 1936, were somewhat larger than they were at the same date of 1935, it is estimated that supplies still to come forward this season will be smaller than at the same time a year earlier.

Such information as is available concerning supplies of raw wool in consuming countries indicates that stocks are relatively low in most countries. Arrivals of the new season's clip from the Southern Hemisphere have probably relieved the shortage to some extent, but increased manufacturing activity in the United Kingdom, France, and Belgium has prevented the building-up of raw material supplies in those countries.

1/ This summary is taken from the January issue of The Wool Situation, a regular monthly report of the Bureau of Agricultural Economics.

Table 2.- Slaughter and market supplies of sheep and lambs,
average 1924-33, annual 1934-36

Item	Unit:	Average,	1934		1935		1936				
		1924-33	Jan.	Jan.	Jan.	Jan.	Jan.	Jan.			
		Dec.	-Dec.	Dec.	-Dec.	Dec.	-Dec.	Nov.	Dec.	-Dec.	
<hr/>											
1/	:										
Inspected slaughter:	Thou-										
Sheep and lambs	sands:	1,202	14,737	1,295	16,055	1,369	17,644	1,544	1,573	17,216	
Receipts at	:	3/	3/								
7 markets 2/	:	"	1,060	15,241	690	12,732	752	12,312	1,039	796	11,892
<hr/>											
		Av., 1924-33:		1934		1935		1936			
		Jan.	Jan.	Jan.	Jan.	Jan.	Jan.	Jan.	Jan.	Jan.	
		Nov.	-Nov.	Nov.	-Nov.	Nov.	-Nov.	Oct.	Nov.	-Nov.	
<hr/>											
Inspected slaughter:	:										
Lambs & yearlings:	Thou-										
Number	sands:	1,096	12,560	1,271	14,034	1,257	15,158	1,539	1,401	14,200	
Percentage of	:										
total sheep &	Per-										
lambs	cent :	92.57	92.80	95.66	95.08	89.36	93.14	88.34	90.75	90.78	
Sheep	Thou-										
Number	sands:	88	974	58	725	150	1,119	203	143	14.43	
Percentage of	:										
total sheep &	Per-										
lambs	cent :	7.43	7.20	4.34	4.92	10.64	6.86	11.66	9.25	9.22	
Average live wgt.	Pound:	82	81	83	82	85	84	83	85	84	
Average dressed	:										
weight	"	39	39	40	39	40	40	39	40	39	
Total dressed wgt.	Mill.										
	lbs.	46	521	52	573	56	645	68	61	616	

1/ Bureau of Animal Industry. Excludes Government purchases.

2/ Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City, and St. Paul.

3/ Average 1929-33.

Table 3.- Price per 100 pounds of sheep and lambs, by months,
October - December, 1934-36

	1934			1935			1936		
Classification:	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.
Lambs, Chicago, :									
Good and Choice	6.49	6.51	7.59	9.23	10.30	10.92	8.68	8.90	8.87
Common and :									
Medium	5.75	5.79	6.57	7.87	8.37	9.56	6.94	7.15	7.26
Ewes, Chicago, :									
Good and Choice	2.05	2.09	2.70	3.88	4.71	4.75	3.40	3.78	4.10
Common and :									
Medium	1.72	1.70	2.17	3.02	3.92	4.02	2.12	2.46	2.78
Feeding lambs, :									
Omaha - :									
Good and Choice	5.17	5.16	5.32	8.67	9.00	9.76	7.12	7.06	7.14
Average price :									
paid by packers:-									
Sheep and lambs	5.97	6.10	7.05	8.20	8.85	9.87	7.75	7.92	
Average price :									
received by :									
farmers - :									
Sheep	2.52	2.55	2.66	3.80	3.89	4.21	3.52	3.58	3.85
Lambs	4.81	4.84	5.01	7.38	7.57	8.15	7.25	7.23	7.26
Lamb carcasses :									
at New York, :									
wholesale <u>1/</u> - :									
Choice	13.77	13.31	15.28	17.41	18.22	19.94	16.71	15.95	14.20
Good	12.97	12.52	14.34	16.55	17.46	19.02	15.92	15.05	13.27
Medium	12.20	11.82	13.49	15.66	16.47	17.94	14.99	14.21	12.20
Pulled wools, :									
Boston <u>2/</u> - :									
Choice AA	77.5	76.5	75.2	86.9	91.5	91.5	92.5	99.4	107.6
AA	72.7	71.5	71.8	82.9	84.5	84.5	90.2	94.8	104.4

1/ 38 pounds down.

2/ Cents per pound.

